

Questions for the Record
U.S. House Ways and Means Committee, Subcommittee on Trade
Hearing on Trade and Labor: Creating and Enforcing Rules to Benefit American Workers
March 26, 2019

From Representative Gwen Moore to Josh Nassar

1. Governments, businesses, trade unions, civil society, and international organizations all have important roles in promoting and enabling good governance. What are meaningful actions the United Automobile Workers union can undertake or have undertaken to fill the gaps in trade agreements and/or domestic policy that directly undermine the level playing field for businesses/labor and undermine the benefits that globalization is supposed to bring?

One of the most effective ways to mitigate the effects of bad trade deals is through collective bargaining. The right to collectively bargain strengthens the economic security of workers throughout the world. In the United States, on average, a worker covered by a union contract earns 13.2 percent more in wages than a peer with similar education, occupation, and experience in a nonunionized workplace in the same sector.¹ Unionized workers are more likely to have health care benefits, access to paid leave, employer provided pension plans and safer working conditions compared to their non-union counterparts. This is not surprising since workers have a stronger voice when unified.

The issues that workers bargain for during contract negotiations include better wages, retirement security, workplace safety enhancements, affordable health care, more reasonable and predictable hours and product placement. Collective bargaining agreements (CBAs) often cover the rules that an employer agrees to follow if they announce layoffs, reductions in force (RIF) or plant closures.

The UAW has long supported policies that make it easier for workers to join unions and uphold their legally protected right to collectively bargain in large part due to employer interference. In far too many instances, workers face obstacles when they fight for a voice in the workplace. Many employers resort to both subtle and drastic actions to keep workers from forming a union. It is not uncommon for companies to threaten plant closures when workers fight for a voice on the job.

Over the last several decades, wages have stagnated, and union membership has declined. According to the Bureau of Labor Statistics, 10.5% of American workers were members of unions in 2018.² In the private sector, 6.4% of workers are unionized compared to 16.8% in 1983. The decline of union membership is partly the result of employers using unfair labor practices, refusing to negotiate contracts, pushing mandatory arbitration and imposing non-compete clauses. Stronger labor laws aimed employers who do not recognize worker's legal right to have a voice on the job will strengthen the middle class and reduce income inequality. There are several bills

¹ Economic Policy Institute. "How Today's Union's Help Working People." <https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/>

² Union Members Summary. January 18, 2019. <https://www.bls.gov/news.release/union2.nr0.htm>

pending in the House that would strengthen labor laws and protect the rights of working families. We urge Congress and the administration to act to improve our labor laws immediately.

Enacting trade policies that prevent U.S. outsourcing and create and maintain U.S. jobs play a critical role in leveling the playing field for workers in domestic manufacturing would help. However, any trade policy must also be accompanied by a strong industrial policy focused on education, workforce training, research and development, support for advanced manufacturing and technologies, building a 21st century infrastructure, balancing environmental and energy policy, and creating penalties for companies that turn their back on American workers. A properly crafted, comprehensive industrial policy will create new industries, as well as re-shore old ones.

Congress must also advance equitable tax policies that uplift working families and not reward billionaire CEO's with massive tax breaks while incentivizing businesses to outsource jobs overseas. For example, Congress should repeal provisions from the Tax Cuts and Jobs Act (TCJA) that encourage the outsourcing of U.S. manufacturing jobs. Because of this law, multinational corporations pay at most only half that rate in the U.S. on their offshore profits as they do on their earnings here at home, creating an incentive to ship jobs overseas.

The UAW supports the No Tax Breaks for Outsourcing Act of 2019 (H.R. 1711) sponsored by Rep. Doggett. H.R. 1711 eliminates incentives passed by the Tax Cuts and Jobs Act (TCJA) which encourage companies to outsource U.S. manufacturing jobs. For starters, we urge Congress to pass this measure to help stem the tide of offshoring jobs by setting a minimum tax on the foreign profits of multinationals equal to the statutory corporate tax rate on domestic profits and apply that rate to a similar base.

2. Please explain how your union has evaluated the impact on the surrounding communities of collective bargaining on lowering unemployment rates and increasing wage productivity.

There is a strong body of research to show that unions reduce inequality and are essential for low and middle wage workers ability to obtain a fair share of economic growth. According to the Economic Policy Research, union play a central role in creating a strong middle class and benefit local communities in a variety of ways. For example:

- **Unions raise wages for both union and non-union workers:** As referenced earlier, a worker covered by a union contract earns 13.2 % more in hourly wages than someone with similar education, occupation and experience in a nonunionized workplace in the same sector.³ In states where unions are strong, wages are higher for union and non-union members. Compensation of typical (median) workers

³ Workers, Communities, and Our Democracy Need Unions. <https://www.epi.org/files/uploads/bwp-workers-communities.pdf>

grows far faster, four times faster, in states with the smallest declines in unionization than it does in states with the largest declines in unionization.⁴

- **Unions help raise wages for women and lessen racial wage gaps: Hourly wages for women represented by unions are 9.2% higher than for nonunionized women with comparable characteristics.⁵**
- **Unions give children from low-income families a better chance of moving up the income ladder. Research shows that communities' union membership levels and high school dropout rates are equally strong predictors of low-income children's earnings as adults.⁶**

⁴ Economic Policy Institute. August 24, 2017. "How Today's Union's Help Working People." <https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/>

⁵ Ibid.

⁶ Center for American Progress. "American Workers Need Unions." April 2, 2019. <https://www.americanprogressaction.org/issues/economy/reports/2019/04/02/173622/american-workers-need-unions/>